



VarTec Telecom, Inc.

REC'D
REGULATORY AUTH.

August 30, 2001

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VIA OVERNIGHT DELIVERY

OFFICE OF THE
EXECUTIVE SECRETARY

Mr. David Waddell

Executive Secretary

Tennessee Regulatory Authority

460 James Robertson Parkway

Nashville, Tennessee 37243-0505

Re: Application of VarTec Telecom, Inc. for a Certificate to
Provide Competing Local Telecommunications Services

01-00760

Dear Mr. Waddell:

Transmitted herewith on behalf of VarTec Telecom, Inc. ("VarTec") are an original and thirteen (13) copies of the Company's Application for a Certificate to Provide Competing Local Telecommunications Services ("Application") within the State of Tennessee.

Enclosed with this Application is a sealed envelope containing information which the Company respectfully requests be treated as confidential and proprietary information of the Company. VarTec is a privately held corporation and the release of such information could provide the Company's competitors with knowledge potentially compromising to the Applicant's ability to effectively compete with other carriers in the State of Tennessee. Finally, please find enclosed a check (Check No. 01059080) in the amount of \$25.00 for the required filing fee.

Acknowledgment and date of receipt of this filing are respectfully requested. Please date and file stamp copy of this correspondence (attached) and return it in the self-addressed postage prepaid envelope provided. Please direct all correspondence regarding this filing to the undersigned directly at (214) 424-1513 or at the below referenced address. Thank you for your time and consideration regarding this matter.

Respectfully submitted,

Kevin Allen

Manager, Regulatory Affairs

Enclosures

cc: Patricia Zacharie, Esq.
Regulatory Counsel

BEFORE THE TENNESSEE REGULATORY AUTHORITY

IN THE MATTER OF THE APPLICATION)	
OF VARTEC TELECOM, INC. FOR A)	DOCKET NO. _____
CERTIFICATE TO PROVIDE COMPETING)	
LOCAL TELECOMMUNICATIONS SERVICES)	

**APPLICATION FOR CERTIFICATE TO PROVIDE
COMPETING LOCAL TELECOMMUNICATIONS SERVICES**

Pursuant to applicable Tennessee Statutes, the Rules and Regulations of the Tennessee Regulatory Authority and Section 253 of the Federal Telecommunications Act of 1996 ("Act"), VarTec Telecom, Inc. ("VarTec") respectfully requests that the Tennessee Regulatory Authority ("TRA") grant to VarTec the authority to provide competing local telecommunications services, including exchange access telecommunications services, within the state of Tennessee. VarTec is willing and able to comply with all applicable rules and regulations in Tennessee pertaining to the provision of competing local telecommunications services.

In support of its Application, VarTec submits the following:

1. The full name and address of the Applicant is:

VarTec Telecom, Inc.
1600 Viceroy Drive
Dallas, Texas 75235
Telephone: (214) 424-1000

Questions regarding this application should be directed to:

Kevin Allen
Manager, Regulatory Affairs
1600 Viceroy Drive
Dallas, Texas 75235
Telephone: (214) 424-1513
Facsimile: (214) 424-1510
kcallen@vartec.net

Contact name and address at the Company is:

Kevin Allen
Manager, Regulatory Affairs
1600 Viceroy Drive
Dallas, Texas 75235
Telephone: (214) 424-1513
Facsimile: (214) 424-1510
kcallen@vartec.net

2. Organizational Chart of Corporate Structure

An Organizational Chart of Corporate Structure is attached hereto as **Exhibit A.**

3. Corporate Information

VarTec Telecom, Inc. was incorporated in the state of Texas on February 27, 1989. A copy of VarTec's Articles of Incorporation and amendments are provided in **Exhibit B.** A copy of VarTec's authority to transact business in the state of Tennessee issued by the Tennessee Secretary of State is provided in **Exhibit C.** The names and addresses of the principal corporate officers and directors of VarTec are attached hereto in **Exhibit D.** VarTec has no officers in the state of Tennessee.

4. VarTec Telecom, Inc. possesses the managerial, technical, and financial ability to provide local telecommunications service in the state of Tennessee as demonstrated below:

A. Financial Qualifications:

In order to demonstrate its financial ability to provide local telecommunications service, Applicant's Consolidated Financial Statements for the Year Ended December 31, 2000 and 1999 are attached hereto as **Exhibit E.** A capital expenditures budget for 2001, 2002 and 2003 is attached as **Exhibit F.** In addition, a three year projected financial statement including balance sheet, income statement and statement of cash flow for 2001, 2002, and 2003 is attached as **Exhibit G.** Exhibits E, F and G are being filed under seal in order to protect the confidentiality of the contents of these documents.

Applicant was previously required to obtain a surety bond for its long distance operations. Applicant most recently submitted documentation to the TRA on September 1, 2000 demonstrating its compliance Tennessee Code Annotated, Section 65-4-125(j). A copy of this correspondence and its attachments are included as **Exhibit H.**

B. Managerial Ability

VarTec has sufficient managerial expertise to successfully operate a telecommunications enterprise in Tennessee and to provide the proposed services to consumers. Attached hereto as **Exhibit I** are summaries of the background and experience of VarTec's executive officers which demonstrate the extensive management and business experience in telecommunications.

C. Technical Qualifications

VarTec possesses sufficient technical ability to be able to provide local exchange telecommunications services to the benefit of the general public. Applicant has been certified (Case No. 95-02796) to provide interexchange telecommunications services in Tennessee since 1995 and has been providing interexchange telecommunications services subject to the jurisdiction of the Federal Communications Commission since 1989.

Applicant currently provides local exchange telecommunications services in the state of Texas. Applicant began providing local exchange service to residential customers in March 2000 and began providing service utilizing unbundled network elements in March 2001. As in Texas, the Applicant does not initially intend to utilize any of its own local telecommunications facilities for interconnection with the service which is the subject of this Application. Applicant intends to provide local exchange service by purchasing and reselling network elements utilizing the unbundled network elements platform ("UNE-P") of the incumbent local exchange carriers, specifically BellSouth Telecommunications, Inc., in the initial market introduction. In its pursuit of providing competitive, quality local telecommunication services in Tennessee, Applicant will comply with all rules, regulations and applicable laws in connection with the purchase and resale of unbundled network elements subject to this Application.

Applicant's technical personnel have completed many hours of comprehensive training in courses provided by equipment manufacturers and leading industry schools. All technical personnel are trained and cross-trained on all network systems, subsystems and test equipment utilized by the Applicant. Network reliability is of the utmost importance to the Applicant; however, Applicant will also rely on the technical qualifications of its underlying carriers to provide local exchange service to consumers in Tennessee.

5. Proposed Service Area

VarTec is authorized to provide local exchange services in Arkansas, Florida, Kansas, Missouri, North Carolina, Oklahoma, Oregon, and Texas. Additionally, VarTec has pending applications for authority in California, Louisiana, Arizona, Nebraska, South Carolina, Virginia and Mississippi. VarTec is authorized to provide interexchange telecommunications services in Alabama, Arkansas, Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois,

Iowa, Indiana, Kansas, Kentucky, Louisiana, Massachusetts, Maryland, Maine, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Vermont, Washington, Wisconsin, West Virginia, Wyoming, and Washington D.C.

Applicant respectfully requests authority to provide facilities-based and resold local exchange telecommunications services within and throughout the entire state of Tennessee, although services will initially only be offered in areas wherein BellSouth is the incumbent local exchange carrier. However, VarTec does not at this time seek to extinguish any small or rural exemption existing under Section 251 of the Federal Telecommunications Act of 1996. Applicant requests statewide authority so that it may expand its service territory in the future as market circumstances warrant without further application to the TRA. Applicant does not propose to offer service in those areas not yet open to competition.

6. Types of Local Exchange Service to be provided

Applicant initially intends to provide local exchange service primarily to residential customers. Services Applicant proposes to provide include, but are not limited to, the following: dial tone, call management services, digital subscriber line and other high capacity services. In addition, Applicant will continue to offer interexchange telecommunications services to business and residential customers in the state of Tennessee. Applicant proposes to offer “bundled” telecommunications service packages which include local exchange service, long distance and call management services (e.g., call waiting, caller identification). By combining local exchange service with other telecommunications and non-telecommunications services, Applicant intends to offer more beneficial and competitive services to increase competition within the state.

7. Repair and Maintenance

Applicant will direct consumers to report repair and maintenance, complaints, billing questions, refunds or any other customer service-related inquiries to the Company via a toll-free telephone number listed within the customer’s telephone statement and/or other materials distributed by the Applicant. Upon receipt of a complaint or trouble report, Applicant will investigate and correct any service, billing or repair problems in a timely manner. Please note that Applicant has gained extensive experience in providing quality customer support through its interexchange telecommunications services. However, Applicant will also rely on the expertise of the underlying carriers for repair and maintenance of the local network. In addition, customers may contact the company in writing at the Company’s address, as well as via the internet at www.vartec.net. The toll-free customer service telephone number will be printed on the customer’s monthly billing statements. The contact person knowledgeable about Applicant’s operations in Tennessee is Kevin Allen, Manager, Regulatory Affairs (reference Question 1 above).

Grant of the Application will further the goals of the Tennessee Legislature and further the public interest by expanding the availability of competitive telecommunications services in the state of Tennessee. In addition, intrastate offering of these services is in the public interest because the services will provide Tennessee customers increased efficiencies and cost savings. Authorizing VarTec to provide local exchange telecommunications services will enhance materially the telecommunications industry in the state of Tennessee and will facilitate economic development.

In particular, the public will benefit both directly, through the use of the competitive services to be offered by VarTec and indirectly, because VarTec's presence in Tennessee will increase the incentives for other telecommunications providers to operate more efficiently, offer more innovative services, reduce their prices, and improve their quality of service. Grant of this Application will further enhance the service options available to Tennessee citizens for the reasons set forth above.

8. Small and Minority-Owned Telecommunications Business Participation Plan

Applicant was previously required to submit a Small and Minority-Owned Telecommunications Business Participation Plan for its long distance operations. A revised copy of this Plan is attached as **Exhibit J**.

9. Toll Dialing Parity Plan:

A copy of VarTec's Toll Dialing Parity Plan is attached hereto as **Exhibit K**.

10. Applicant has served notice of this application to the eighteen (18) incumbent local exchange telephone companies in Tennessee with a statement regarding the company's intention of operating geographically. See **Exhibit L** for a copy of the Notice of Filing.

11. Responses to the questions regarding numbering resources are provided in **Exhibit M**.

12. Responses to the questions regarding Tennessee-specific operational issues are provided in **Exhibit N**.

13. Miscellaneous:

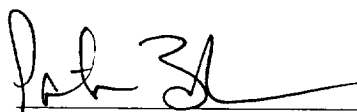
- A. Attached hereto as **Exhibit O** is a copy of the sworn, pre-filed testimony of Patricia Zacharie, Regulatory Counsel for Applicant.
- B. It is not possible at this time for Applicant to develop tariffs, since VarTec has not yet executed or received Commission approval of any interconnection agreements with incumbent local exchange companies. At such time as all facts necessary for the development of such tariffs are known to VarTec, Applicant will file its Local Exchange Tariff pursuant to TRA Rules.
- C. Applicant does not intend to require customer deposits, and as such, VarTec is not bonded for the amount of any customer deposits.

- C. Applicant does not intend to require customer deposits, and as such, VarTec is not bonded for the amount of any customer deposits.
- D. Applicant has been providing long distance services since 1989, and as such, Applicant has received consumer complaints from regulatory agencies. These complaints vary in scope and many times, are not justified. Applicant is always pleased to assist customers with their services. The Company aims to provide prompt and equitable responses to each complaint brought to the Applicant's attention. Applicant has never been served with a formal Federal Communications Commission complaint, and no judgments have been issued against VarTec in any jurisdiction. Applicant's ability to provide telecommunications services has never been revoked, suspended or otherwise impacted as a result of regulatory actions taken against the Company in response to consumer complaints or for any other reason.
- E. Applicant does not intend to offer local exchange services in any areas not yet open to competition.

CONCLUSION:

VarTec respectfully requests that the TRA enter an order granting it a certificate of convenience and necessity to operate as a competing telecommunications service provider and authority to provide a full range of local exchange on a facilities-based and resale basis throughout the state of Tennessee in the service area of BellSouth, Verizon, and Sprint and any other ILEC of which exemption under Section 251 (f) of the Telecommunications Act of 1996 does not exist. For the reasons stated above, VarTec's provision of these services would promote the public interest by providing high-quality service at competitive prices and by creating greater economic incentives for the development and improvement for all competing providers.

Respectfully submitted this 30th day of August, 2001

A handwritten signature in black ink, appearing to read 'Pat Zacharie', written over a horizontal line.

Patricia Zacharie, Esq.
Regulatory Counsel

EXHIBIT A

VARTEC TELECOM, INC. Organizational Chart of Corporate Structure

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graph TD
    Root[VarTec Kontinental Telekom GmbH  
German Corp. (Freiburg)]
    
    Root --- US_Subsidiaries
    Root --- Europe_Subsidiaries
    Root --- UK_Subsidiaries
    
    subgraph US_Subsidiaries
        VTI[VarTec Properties, Inc.  
Texas Corp. (Dallas, TX)]
        10XXX[10XXX Ranch Company  
Texas Corp. (Eulogy, TX)]
        USRC[*U.S. Republic Communications, Inc.  
Texas Corp. (Dallas, TX)]
        CC[Choctaw Communications, Inc.  
Texas Corp. (Houston, TX)]
        CV[Choctaw Comm. of Virginia, Inc.  
Virginia Corp. (Alexandria, VA)]
        NCM[*Network Construction Management, Inc.  
Missouri Corp. (Dallas, TX)]
        PTI[*PrimeTec International, Inc.  
Texas Corp. (Dallas, TX)]
        WAN[*Web America Networks, Inc.  
Texas Corp. (Dallas, TX)]
    end
    
    subgraph Europe_Subsidiaries
        VTI_E[VTI International B.V.  
Netherland Corp. (Amsterdam)]
        VM[VarTec de Mexico, S. de R.L. de C.V.  
Mexican Corp. (Mexico, D.F.)]
        VTD[VarTec Telekom (Deutschland) GmbH  
German Corp. (Frankfurt)]
    end
    
    subgraph UK_Subsidiaries
        VTEU[VarTec Telecom Europe Limited  
U.K. Corp. (Northampton)]
        VTU[VarTec Telecom (U.K.) Limited  
U.K. Corp. (London)]
    end
    
    Root --- US_Holding[VarTec Telecom Holding Company  
Delaware Corp. (Dallas, TX)]
    US_Holding --- US_Subsidiaries
    
    Root --- US_Parent[Telephone Electronics Corporation  
(Jackson, MS)]
    US_Parent --- CommGroup[Commungroup, Inc.  
(Jackson, MS)]
    CommGroup --- VT[VarTec Telecom, Inc.  
Texas Corp. (Dallas, TX)]
    VT --- US_Holding
  
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EXHIBIT B

**VARTEC TELECOM, INC.
Articles of Incorporation and Amendments**



The State of Texas

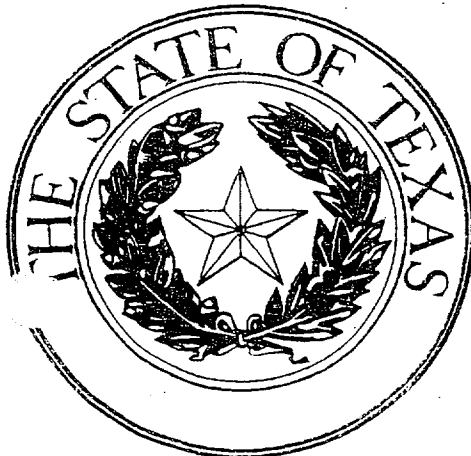
SECRETARY OF STATE

IT IS HEREBY CERTIFIED that the attached is/are true and correct copies of the following described document(s) on file in this office:

VARTEC TELECOM, INC.
CHARTER NO. 1105487-00

ARTICLES OF INCORPORATION	FEBRUARY 27, 1989
CHANGE OF REGISTERED OFFICE AND/OR AGENT	DECEMBER 12, 1990
ASSUMED NAME CERTIFICATES (2)	JUNE 21, 1991
ARTICLES OF AMENDMENT	JULY 20, 1992
ARTICLES OF AMENDMENT	JANUARY 11, 1993
ASSUMED NAME CERTIFICATE	AUGUST 08, 1994
ARTICLES OF AMENDMENT	APRIL 20, 1995
ARTICLES OF AMENDMENT	JULY 13, 1995
ASSUMED NAME CERTIFICATE	OCTOBER 26, 1995

IN TESTIMONY WHEREOF, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in the City of Austin, on June 24, 1997.



Antonio O. Garza, Jr.
Secretary of State

MAC

Vartec/Corp#1

1 0 1 0 3 6 0 3 9 4 7

ARTICLES OF INCORPORATION

ARTICLE ONE

The name of the Corporation is Vartec National, Inc.

FILED
In the Office of the
Secretary of State of Texas

FEB 27 1989

ARTICLE TWO

The period of its duration is perpetual.

Corporations Section

ARTICLE THREE

The purpose for which the corporation is organized is the transaction of any or all lawful business for which corporations may be incorporated under the Texas Business Corporation Act.

ARTICLE FOUR

The aggregate number of shares which the corporation shall have authority to issue is Two Million One Hundred Thousand (2,100,000) which shall be issued in the following classes:

- 1) 1,000,000 shares of Class "A" Common shares which shall have no par value and which shall have full rights as provided by the Texas Business Corporation Act.
- 2) 1,000,000 shares of Class "B" Common shares which shall have no par value and no voting rights.
- 3) 100,000 shares of a Single Class of Preferred shares which shall have no par value, and shall have no voting rights, but shall participate in all dividends or other payments to shareholders prior to participation by any Common Shareholders.

ARTICLE FIVE

The corporation will not commence business until it has received for the issuance of share consideration of the value of One Thousand Dollars (\$1,000.00) consisting of money, labor done or property actually received.

10103603948

ARTICLE SIX

The street address of its initial registered office is 1180 Whispering Oak, DeSoto, Tx 75115 and the name of its initial registered agent at such address is ALVIE JOE MITCHELL, JR.

ARTICLE SEVEN

The number of directors constituting the initial board of directors is one (1), and the name and address of the person or persons who will serve as director until the first annual meeting of the shareholders or until their successors are elected and qualified are:

ALVIE JOE MITCHELL, JR.
1180 Whispering Oak
DeSoto, Tx 75115

ARTICLE EIGHT

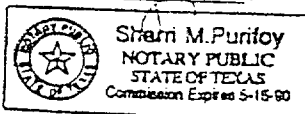
The name and address of the incorporator is: ALVIE JOE MITCHELL, JR., 1180 Whispering Oak, DeSoto, Tx 75115.

Alvie Joe Mitchell, Jr.
ALVIE JOE MITCHELL, JR., INCORPORATOR

STATE OF TEXAS
COUNTY OF DALLAS

Before me, a notary public, on this day personally appeared ALVIE JOE MITCHELL, JR., known to me to be the person whose name is subscribed to the foregoing document and, being by me first duly sworn, declared that the statements therein contained are true and correct.

Given under my hand and seal of office this 24th day of February, 1989.



Sharrn M. Purifoy
NOTARY PUBLIC, STATE OF TEXAS

1 2 1 1 1 / 3 6
FILED
In the Office of the
Secretary of State of Texas

DEC 12 1990

STATEMENT OF CHANGE OF REGISTERED
OFFICE OR REGISTERED AGENT OR BOTH
BY A TEXAS DOMESTIC CORPORATION

Corporations Section

1. The name of the corporation is VARTEC NATIONAL, INC.
2. The address, including street and number, of its present registered office as shown in the records of the Secretary of State of the State of Texas before filing this statement is 1180 Whispering Oak,
Desoto, Texas 75115
3. The address, including street and number, to which its registered office is to be changed is c/o C T CORPORATION SYSTEM, 350 N. St. Paul Street,
Dallas, Texas 75201
(Give new address or state "no change")
4. The name of its present registered agent, as shown in the records of the Secretary of State of the State of Texas, before filing this statement is Alvin Joe Mitchell, Jr.
5. The name of its new registered agent is C T CORPORATION SYSTEM
(Give new name or state "no change")
6. The address of its registered office and the address of the business office of its registered agent, as changed, will be identical.
7. Such change was authorized by: (Check One)
☐ A. The Board of Directors
☒ B. An officer of the corporation so authorized by the Board of Directors.
Alvin Joe Mitchell, Jr.
An Authorized Officer
President

ASSUMED NAME CERTIFICATE
OF
VARTEC NATIONAL, INC.

STATE OF TEXAS

COUNTY OF DALLAS

FILED
In the Office of the
Secretary of State of Texas
JUN 21 1991
CORPORATIONS DIVISION

I, A. JOE MITCHELL, JR. PRESIDENT of VARTEC NATIONAL, INC., a Texas corporation, for the purpose of complying with Section 36.11 of the Business and Commerce Code of the State of Texas, do hereby certify the following facts:

1. That the assumed name under which the corporation will conduct and transact business is VARTEC TELECOM of Dallas County, Texas.
2. That the true and full name of the corporation conducting or transacting the business is VARTEC NATIONAL, INC. and the charter number or certificate of authority number is 1105487.
3. The state, country, or other jurisdiction under the laws of which the corporation was incorporated is Texas, and the address of its registered or similar office in that jurisdiction is C.T. Corporation System, 350 N. St. Paul, Dallas, Texas 75201. The address of the principal office is 3200 W. Pleasant Run Rd., Lancaster, Texas 75146.
4. The corporation is required to maintain a registered office in Texas, and the address of the registered office is 350 N. St. Paul, Dallas, Texas, 75201 and the name of its registered agent at this address is C.T. Corporation System. The address of the principal office is 3200 W. Pleasant Run Rd., Lancaster, Texas 75146.
5. The corporation will use the assumed name from January 1, 1991, until Dec. 31, 2000.

6. The corporation VARTEC NATIONAL, INC., is transacting business under its assumed name in Dallas County Texas.

I have signed this certificate this 10th day of May.

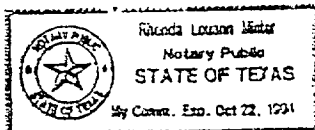
VARTEC NATIONAL, INC.

A. Joe Mitchell, Jr.
By: A. JOE MITCHELL, JR. PRESIDENT

STATE OF TEXAS

COUNTY OF DALLAS

This instrument was acknowledged before me on May 10, 1991, by A. JOE MITCHELL, JR. of VARTEC NATIONAL, INC., a Texas corporation, on behalf of the corporation.



Rhonda LouAnn Minter
Notary Public, State of Texas

My Commission expires: Oct 22, 1994

ASSUMED NAME CERTIFICATE
OF
VARTEC NATIONAL, INC.

FILED
In the Office of the
Secretary of State of Texas
JUN 21 1991

Corporations Section

STATE OF TEXAS

COUNTY OF DALLAS

I, A. JOE MITCHELL, JR. PRESIDENT of VARTEC NATIONAL, INC., a Texas corporation, for the purpose of complying with Section 36.11 of the Business and Commerce Code of the State of Texas, do hereby certify the following facts:

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3. The state, country, or other jurisdiction under the laws of which the corporation was incorporated is Texas, and the address of its registered or similar office in that jurisdiction is C.T. Corporation System, 350 N. St. Paul, Dallas, Texas 75201. The address of the principal office is 3200 W. Pleasant Run Rd., Lancaster, Texas 75146.
4. The corporation is required to maintain a registered office in Texas, and the address of the registered office is 350 N. St. Paul, Dallas, Texas, 75201 and the name of its registered agent at this address is C.T. Corporation System. The address of the principal office is 3200 W. Pleasant Run Rd., Lancaster, Texas 75146.
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6. The corporation VARTEC NATIONAL, INC., is transacting business under its assumed name in Dallas County Texas.

I have signed this certificate this 10th day of May.

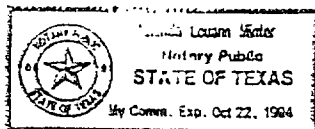
VARTEC NATIONAL, INC.

By: A. Joe Mitchell, Jr. PRESIDENT

STATE OF TEXAS

COUNTY OF DALLAS

This instrument was acknowledged before me on May 10, 1991, by A. JOE MITCHELL, JR. of VARTEC NATIONAL, INC., a Texas Corporation, on behalf of the Corporation.



Rhonda Lou Ann Minter
Notary Public, State of Texas

My Commission expires: Oct 22, 1994

ASSUMED NAME CERTIFICATE

PAGE TWO

FILED
In the Office of the
Secretary of State of Texas

JUL 20 1992

Corporations Section

ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION

Pursuant to the provisions of article 4.04 of the Texas Business Corporation Act, the undersigned corporation adopts the following articles of amendment to its articles of incorporation:

ARTICLE ONE

The name of the corporation is VarTec National, Inc.

ARTICLE TWO

The following amendment to the articles of incorporation was adopted by the shareholders of the corporation on July 14, 1992. RESOLVED, that the corporation hereby changes its corporate name from VarTec National, Inc. to VarTec Telecom, Inc.

The amendment alters Article One of the original articles of incorporation and the full text of the provision altered is now as follows:

The name of the corporation is VarTec Telecom, Inc.

ARTICLE THREE

The number of shares of the corporation outstanding at the time of such adoption was 1000; and the number of shares entitled to vote thereon was 1000.

ARTICLE FOUR

The holders of all of the shares outstanding and entitled to vote on said amendment have signed a consent in writing pursuant to Article 9.10 adopting said amendment and any written notice required by Article 9.10 has been given.

Dated 7/14, 1992.

VarTec National, Inc.

By A. Joe Mitchell, Jr.
A. Joe Mitchell, Jr., President
Its Authorized Officer

VarTec National, Inc.
5500 W. Northwest Blvd. Suite 200
Dallas, Texas 75206
(214) 291-7200
(214) 291-7201

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ARTICLES OF AMENDMENT
TO THE ARTICLES OF INCORPORATION

Pursuant to the provisions of article 4.04 of the Texas Business Corporation Act, the undersigned corporation adopts the following articles of amendment to its articles of incorporation:

FILED
In the Office of the
Secretary of State of Texas

ARTICLE ONE

The name of the corporation is VarTec Telecom, Inc.

JAN 11 1993

Corporations Section

ARTICLE TWO

The following amendment to the articles of incorporation was adopted by the shareholders of the corporation on December 31, 1992.

BE IT RESOLVED, that the corporation hereby changes its aggregate number of authorized shares from Two Million One Hundred Thousand (2,100,000) to One Thousand (1,000).
BE IT FURTHER RESOLVED, the corporation hereby deletes the entire 1,000,000 shares of Class "B" Common shares and the 100,000 shares of a Single Class of Preferred shares, while reducing the total number of authorized Class "A" Common shares from 1,000,000 to 1,000, thereby amending Article Four of the corporation's Articles of Incorporation dated February 27, 1989, in order to reflect this alteration.

The amendment alters Article Four of the original articles of incorporation and the full text of the provision altered is now as follows:

The aggregate number of shares which the corporation shall have authority to issue is One Thousand (1,000). The shares shall be issued as Class "A" Common shares which shall have no par value and which shall have full rights as provided by the Texas Business Corporation Act.

ARTICLE THREE

The number of shares of the corporation outstanding at the time of such adoption was 1000; and the number of shares entitled to vote thereon was 1000.

ARTICLE FOUR

The holders of all of the shares outstanding and entitled to vote on said amendment have signed a unanimous consent in writing pursuant to Article 9.10 adopting said amendment and any written notice required by Article 9.10 has been given.

Dated January 8, 1993.

VarTec Telecom, Inc.

By A. Joe Mitchell, Jr.
A. Joe Mitchell, Jr., President
Its Authorized Officer

VarTec Telecom
1200 W. McCombs Road
Lubbock, Texas 79406
(817) 240-7200
(817) 240-7200 Fax



ASSUMED NAME CERTIFICATE

OFF.
of the State of Texas
Department of State

AUG 08 1994

1. The name of the corporation, limited liability company, limited partnership, ~~or registered limited liability partnership~~ as stated in its articles of incorporation, articles of organization, certificate of limited partnership, application or comparable document is VarTee Telecom, Inc.
2. The assumed name under which the business or professional service is or is to be conducted or rendered is U.S. Republic Communications
3. The state, country, or other jurisdiction under the laws of which it was incorporated, organized or associated is Texas, and the address of its registered or similar office in that jurisdiction is 3200 W. Pleasant Run Rd., Lancaster, TX 75146
4. The period, not to exceed 10 years, during which the assumed name will be used is 8-1-94 to 8-1-2003
5. The entity is a (circle one) business corporation, non-profit corporation, professional corporation, professional association, limited liability company, limited partnership, registered limited liability partnership or some other type of incorporated business, professional or other association (specify) _____
6. If the entity is required to maintain a registered office in Texas, the address of the registered office is 350 S. St. Paul, Dallas, TX 75201 and the name of its registered agent at such address is C.T. Corporation System. The address of the principal office (if not the same as the registered office) is 3200 W. Pleasant Run Rd., Lancaster, TX 75146
7. If the entity is not required to or does not maintain a registered office in Texas, the office address in Texas is N/A and if the entity is not incorporated, organized or associated under the laws of Texas, the address of its place of business in Texas is _____ and the office address elsewhere is _____
8. The county or counties where business or professional services are being or are to be conducted or rendered under such assumed name are (if applicable, use the designation "ALL" or "ALL EXCEPT"):
ALL

(Certificate must be executed and notarized on the back of this form.)

A. Joe Mitchell, Jr., President

A. Joe Mitchell, Jr.
Signature of officer, general partner, manager,
representative or attorney-in-fact of the entity

Before me on this 5th day of August, 1994, personally appeared
A. Joe Mitchell, Jr. and acknowledged to me that he
executed the foregoing certificate for the purposes therein expressed.

(Notary Seal)

Thomas A. May
Notary Public, State of Texas

INSTRUCTIONS FOR FILING ASSUMED NAME CERTIFICATE

1. A corporation, limited liability company, limited partnership or registered limited liability partnership, which regularly conducts business or renders a professional service in this state under a name other than the name contained in its articles of incorporation, articles of organization, certificate of limited partnership or application, must file an assumed name certificate with the secretary of state and with the appropriate county clerk in accordance with section 36.11 of the Texas Business and Commerce Code.
2. The information provided in paragraph 6 as regards the registered agent and registered office address in Texas must match the information on file in this office. To verify the information on file with this office, you may contact our corporate information unit at (512) 463-5555. Forms to change the registered agent/office are available from this office should you require to update this information.
3. A certificate executed and acknowledged by an attorney-in-fact shall include a statement that the attorney-in-fact has been duly authorized in writing by his principal to execute and acknowledge the same.
4. For purposes of filing with the secretary of state, the assumed name registrant should submit an originally executed assumed name certificate accompanied by the filing fee of \$25 to the Secretary of State, Statutory Filings Division, Corporations Section, P.O. Box 13697, Austin, Texas 78711-3697. The phone number is (512) 463-5582, TDD: (800) 735-2989, FAX: (512) 463-5709.
5. All assumed name certificates to be filed with the county clerk must be forwarded directly to the appropriate county clerk by the assumed name registrant.
6. Whenever an event occurs that causes the information in the assumed name certificate to become materially misleading (eg. change of registered agent/office or a change of name), a new certificate must be filed within 60 days after the occurrence of the events which necessitate the filing.
7. A registrant that ceases to transact business or render professional services under an assumed name for which a certificate has been filed may file an abandonment of use pursuant to the Texas Business and Commerce Code, §36.14. Forms for this purposes are available from this office.

70010345

Rev. 12-94

The office of the Secretary of State is located at the State of Texas Capitol Building, 1001 E. 11th Street, Austin, Texas 78701. The office of the Secretary of State is open to the public from 9:00 a.m. to 5:00 p.m., Monday through Friday, except on public holidays.

1119310119

FILED
In the Office of the
Secretary of State of Texas

APR 20 1995

ARTICLES OF AMENDMENT
TO THE ARTICLES OF INCORPORATION

Pursuant to the provisions of Article 4.04 of the Texas Business Corporation Act, the undersigned Corporation adopts the following Articles of Amendment to its Articles of Incorporation:

ARTICLE ONE

The name of the Corporation is VarTec Telecom, Inc.

ARTICLE TWO

The following amendment to the Articles of Incorporation was adopted by the shareholders of the Corporation on March 31, 1995.

BE IT RESOLVED, that VarTec Telecom, Inc. hereby changes its aggregate number of authorized shares from one thousand (1,000) to ten million (10,000,000). The ten million (10,000,000) shares shall be issued as Class "A" Common shares which shall have no par value and which shall have full rights as provided by the Texas Business Corporation Act. Each previously authorized share shall be exchanged and split into ten thousand (10,000) shares.

BE IT FURTHER RESOLVED, that Article Four of the Corporation's Articles of Incorporation dated February 27, 1989 (as amended) shall be further amended to reflect this alteration.

The amendment alters Article Four of the Corporation's Articles of Incorporation and the full text of the provision altered is now as follows:

The aggregate number of shares which the Corporation shall have authority to issue is ten million (10,000,000). The ten million (10,000,000) shares shall be issued as Class "A" Common shares which shall have no par value and which shall have full rights as provided by the Texas Business Corporation Act.

ARTICLE THREE

The number of shares of the corporation outstanding at the time of such adoption was 980; and the number of shares entitled to vote thereon was 980.

ARTICLE FOUR

The holders of all of the shares outstanding and entitled to vote on said amendment have signed a unanimous consent in writing pursuant to Article 9.10 adopting said amendment and any written notice required by Article 9.10 has been given.

Dated April 7, 1995.

VarTec Telecom, Inc.
By A. Joe Mitchell, Jr. President
Its Authorized Officer

FILED
In the Office of the
Secretary of State of Texas

JUL 13 1995

ARTICLES OF AMENDMENT
TO THE ARTICLES OF INCORPORATION

Pursuant to the provisions of Article 4.04 of the Texas Business Corporation Act, the undersigned Corporation adopts the following Articles of Amendment to its Articles of Incorporation:

ARTICLE ONE

The name of the Corporation is VarTec Telecom, Inc.

ARTICLE TWO

The following amendment to the Articles of Incorporation was adopted by the shareholders of the Corporation on May 31, 1995.

"BE IT RESOLVED, that VarTec Telecom, Inc. hereby changes its aggregate number of authorized shares from ten million (10,000,000) shares previously authorized to be issued as Class "A" Common shares with no par value to ten million (10,000,000) shares authorized to be issued as Class "A" Common shares each with a par value of one cent (\$0.01) and which shall have full rights as provided by the Texas Business Corporation Act. The present holder of one (1) share of no par value stock may exchange the share for one (1) share of one cent (\$0.01) par value stock. This change does not affect stated capital of the Corporation.

BE IT FURTHER RESOLVED, that Article Four of the Corporation's Articles of Incorporation dated February 27, 1989, as amended, shall be further amended to reflect this alteration."

The amendment alters Article Four of the Corporation's Articles of Incorporation and the full text of the provision altered is now as follows:

The aggregate number of shares which the Corporation shall have authority to issue is ten million (10,000,000). The ten million (10,000,000) shares shall be issued as Class "A" Common shares each with a par value of one cent (\$0.01) and which shall have full rights as provided by the Texas Business Corporation Act.

ARTICLE THREE

The number of shares of the corporation outstanding at the time of such adoption was 980; and the number of shares entitled to vote thereon was 980.

Page 1 of 2

JUL 13 1995 9:49 AM 002 P.02

ID:2142307299

VARTEC TELECOM

1 1 2 0 2 5 1 1 1 1

ARTICLE FOUR

The holders of all of the shares outstanding and entitled to vote on said amendment have signed a unanimous consent in writing pursuant to Article 9.10 adopting said amendment and any written notice required by Article 9.10 has been given.

Dated July 10, 1995.

VarTec Telecom, Inc.

By

A. Joe Mitchell, Jr.
A. Joe Mitchell, Jr., President
Its Authorized Officer

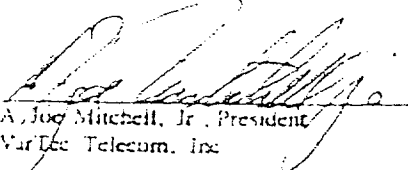
1 1 1 1 / 3 0 1 1

ASSUMED NAME CERTIFICATE
FOR AN INCORPORATED BUSINESS OR PROFESSION

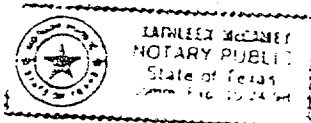
FILED
In the Office of the
Secretary of State of Texas

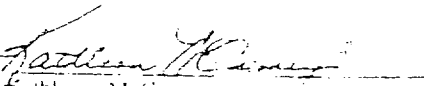
CGT 2 6 1995
Corporations Section

1. The assumed name under which the business or professional service is or is to be conducted or rendered is Clear Choice Communications.
2. The name of the incorporated business or profession as stated in its articles of incorporation or comparable document is VarTee Telecom, Inc.
3. The state, country, or other jurisdiction under the laws of which it was incorporated is Texas, and the address of its registered or similar office in that jurisdiction is 3200 W. Pleasant Run Rd., Lancaster, TX 75146.
4. The period, not to exceed ten years, during which the assumed name will be used is 9-18-1995 to 9-18-2004.
5. The corporation is a business corporation.
6. If the entity is required to maintain a registered office in Texas, the address of the registered office is 350 N. St. Paul, Dallas, TX 75201 and the name of the registered agent is C.T. Corporation System. The address of the principal office is 3200 W. Pleasant Run Rd., Lancaster, TX 75146.
7. If the corporation is not required to or does not maintain a registered office in Texas, the office address in Texas is N/A and if the entity is not incorporated, organized or associated under the laws of Texas, the address of its place of business in Texas is N/A and the office address elsewhere is N/A.
8. The county or counties where business or professional services are being or are to be conducted or rendered under such assumed name are ALL.


A. Joe Mitchell, Jr., President
VarTee Telecom, Inc.

Before me on this 18th day of October, 1995, personally appeared A. Joe Mitchell, Jr. and acknowledged to me that he executed the foregoing certificate for the purposes therein expressed.




Kathleen McCamey
Notary Public, Dallas County, Texas



The State of Texas

Secretary of State

DEC. 1, 1997

VARTEC TELECOM - STAN GEURIN
3200 W. PLEASANT RUN ROAD
LANCASTER ,TX 75146

RE:
VARTEC TELECOM, INC.
CHARTER NUMBER 01105487-00

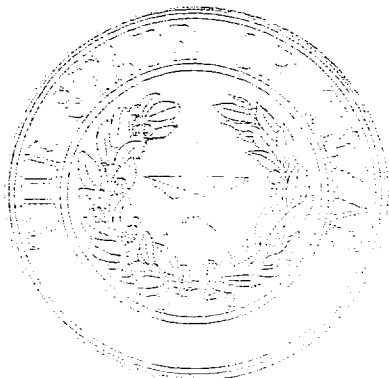
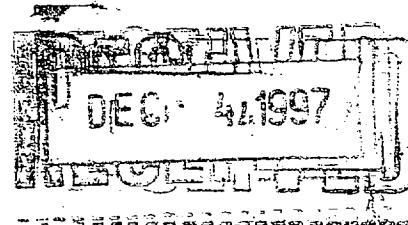
ASSUMED NAME:
TELEPHONE EXPRESS

FILE DATE: NOV. 20, 1997

DEAR SIR OR MADAM,

THE ASSUMED NAME CERTIFICATE FOR THE ABOVE REFERENCED INCORPORATED BUSINESS OR PROFESSION HAS BEEN FILED IN THIS OFFICE. THIS LETTER MAY BE USED AS EVIDENCE OF THE FILING.

IN ADDITION TO FILING WITH THE SECRETARY OF STATE, CHAPTER 36 OF THE TEXAS BUSINESS AND COMMERCE CODE REQUIRES FILING OF THE ASSUMED NAME CERTIFICATE WITH THE COUNTY CLERK IN THE COUNTIES IN WHICH THE REGISTERED OFFICE AND THE PRINCIPAL OFFICE OF THE CORPORATION ARE LOCATED.



VERY TRULY YOURS,

Antonio O. Garza, Jr.

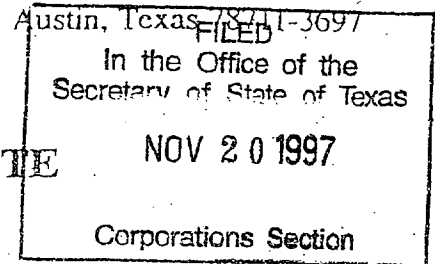
Antonio O. Garza, Jr., Secretary of State

Office of the
Secretary of State



Corporations Section

P.O. Box 13697



ASSUMED NAME CERTIFICATE

1. The name of the corporation, limited liability company, limited partnership, or registered limited liability partnership as stated in its articles of incorporation, articles of organization, certificate of limited partnership, application for certificate of authority or comparable document is VarTec Telecom, Inc.
2. The assumed name under which the business or professional service is or is to be conducted or rendered is Telephone Express
3. The state, country, or other jurisdiction under the laws of which it was incorporated, organized or associated is Texas, and the address of its registered or similar office in that jurisdiction is Attention: Legal Department
3200 West Pleasant Run Road, Lancaster, Texas 75146
4. The period, not to exceed 10 years, during which the assumed name will be used is November 17, 1997 to November 17, 2007
5. The entity is a (circle one):
 - Business Corporation
 - Non-Profit Corporation
 - Professional Corporation
 - Professional Association
 - Limited Liability Company
 - Limited Partnership
 - Registered Limited Liability Partnership

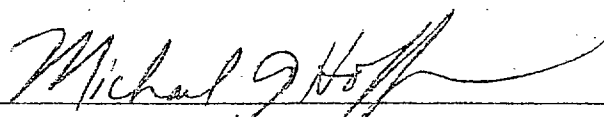
If the entity is some other type of incorporated business, professional or other association, please specify below:

N.A.

6. If the entity is required to maintain a registered office in Texas, the address of the registered office is 350 North St. Paul, Dallas, Texas 75201
and the name of its registered agent at such address is C.T. Corporation System
The address of the principal office (if not the same as the registered office) is 3200 West Pleasant Run Road, Lancaster, Texas 75146

7. If the entity is not required to or does not maintain a registered office in Texas, the office address in Texas is N.A.
and if the entity is not incorporated, organized or associated under the laws of Texas, the address of its place of business in Texas is N.A.
and the office address elsewhere is N.A.

8. The county or counties where business or professional services are being or are to be conducted or rendered under such assumed name are (if applicable, use the designation "ALL" or "ALL EXCEPT"):
All


Signature of officer, general partner, manager, representative or attorney-in-fact of the entity
Michael G. Hoffman, ^{Assistant} Secretary

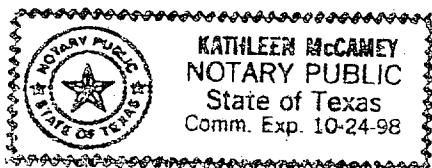
State of TEXAS


County of DALLAS

Before me, the undersigned authority, on this day personally appeared
Michael G. Hoffman,
known to me to be the person who signed the foregoing instrument, and acknowledged to me that he executed the instrument for the purposes therein expressed.

Given under my hand and seal of office on this 17th day of November 1997

(Notary Seal)




Notary Public



The State of Texas

Secretary of State

SEP. 5, 1997

KATHLEEN MCCAMEY, VARTEC TELECOM, INC.
3200 W. PLEASANT RUN ROAD
LANCASTER TX 75146

RE:
VARTEC TELECOM, INC.

CHARTER NUMBER 01105487-00

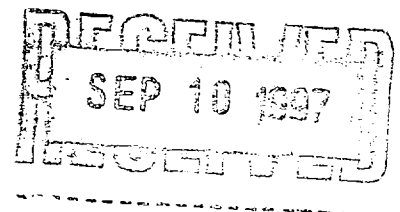
ASSUMED NAME:
U.S. REPUBLIC COMMUNICATIONS

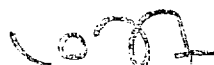
FILE DATE: AUG. 28, 1997

DEAR SIR OR MADAM,

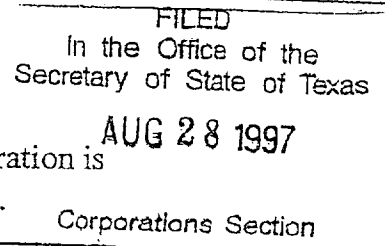
THE ABANDONMENT OF ASSUMED NAME CERTIFICATE FOR THE ABOVE
CAPTIONED INCORPORATED BUSINESS OR PROFESSION HAS BEEN FILED IN THIS
OFFICE. THIS LETTER MAY BE USED AS EVIDENCE OF FILING IN THIS OFFICE.

VERY TRULY YOURS,





Antonio O. Garza, Jr., Secretary of State

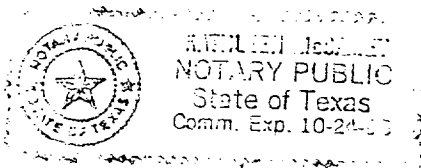
STATEMENT OF ABANDONMENT OF
ASSUMED NAME



1. The name of the corporation as stated in its articles of incorporation is VarTec Telecom, Inc., and the charter number is 1105487.00.
2. The assumed name being abandoned is U.S. Republic Communications.
3. The date on which the assumed name certificate was filed in the office of the Secretary of State is August 8, 1994; an assumed name certificate has also been filed in the county clerk's office in the following county: Dallas County.
4. If the entity is required to maintain a registered office in Texas, the address of the registered office is 350 N. St. Paul, Dallas, TX 75201, and the name of its registered agent at such address is C.T. Corporation System.


Michael G. Hoffman, Esq.
Assistant Secretary

Before me on this 5 day of August, 1997, personally appeared Michael G. Hoffman, Esq. And acknowledged to me that he executed the foregoing certificate for the purposes therein expressed.



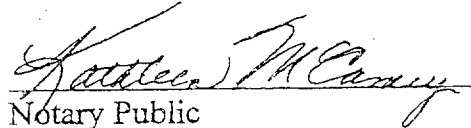

Notary Public

EXHIBIT C

**VARTEC TELECOM, INC.
Tennessee Secretary of State
Certificate of Authority**

Secretary of State

Corporations Section

James K. Polk Building, Suite 1800
Nashville, Tennessee 37243-0306

DATE: 08/17/92
REQUEST NUMBER: 2528-1127
TELEPHONE CONTACT: (615) 741-0537
FILE DATE/TIME: 08/17/92 1503
EFFECTIVE DATE/TIME: 08/17/92 1503
CONTROL NUMBER: 0251074

TO:
VARTEC TELEVISION
3200 PLEASANT RUN
LANCASTER, TX 75146

RE:
VARTEC TELECOM, INC.
APPLICATION FOR AMENDED CERTIFICATE OF
AUTHORITY - PROFIT

THIS WILL ACKNOWLEDGE THE FILING OF THE ATTACHED DOCUMENT WITH AN
EFFECTIVE DATE AS INDICATED ABOVE.

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR
FILING, PLEASE REFER TO THE CORPORATION CONTROL NUMBER GIVEN ABOVE.

FOR: APPLICATION FOR AMENDED CERTIFICATE OF
AUTHORITY - PROFIT

FROM:
VARTEC NATIONAL, INC.
3200 W. PLEASANT RUN
ROAD
LANCASTER, TX 75146-0000



BRYANT MILLSAPS
SECRETARY OF STATE

Secretary of State

Corporations Section

James K. Polk Building, Suite 1800
Nashville, Tennessee 37243-0306

DATE: 03/12/92
REQUEST NUMBER: 2398-1193
TELEPHONE CONTACT: (615) 741-0537
FILE DATE/TIME: 03/12/92 1010
EFFECTIVE DATE/TIME: 03/12/92 1010
CONTROL NUMBER: 0251074

TO:
ARTER & HADDEN
%M HOFFMAN, SU-400K
1801 K ST. N.W.
WASHINGTON, DC 20006-1301

RE:
VARTEC NATIONAL, INC.
APPLICATION FOR CERTIFICATE OF
AUTHORITY - FOR PROFIT

WELCOME TO THE STATE OF TENNESSEE. THE CERTIFICATE OF AUTHORITY FOR THE ABOVE CORPORATION IS VALID AS OF THE EFFECTIVE DATE INDICATED ABOVE.

A CORPORATION ANNUAL REPORT MUST BE FILED WITH THE SECRETARY OF STATE ON OR BEFORE THE FIRST DAY OF THE FOURTH MONTH FOLLOWING THE CLOSE OF THE CORPORATION'S FISCAL YEAR (EFFECTIVE JULY 1, 1990). PLEASE PROVIDE THIS OFFICE WITH WRITTEN NOTIFICATION OF YOUR CORPORATION'S FISCAL YEAR. THIS OFFICE WILL MAIL THE REPORT DURING THE LAST MONTH OF SAID FISCAL YEAR TO THE CORPORATION AT THE ADDRESS OF ITS PRINCIPAL OFFICE OR TO A MAILING ADDRESS PROVIDED TO THIS OFFICE IN WRITING. FAILURE TO FILE THIS REPORT OR TO MAINTAIN A REGISTERED AGENT AND OFFICE WILL SUBJECT THE CORPORATION TO ADMINISTRATIVE REVOCATION OF ITS CERTIFICATE OF AUTHORITY.

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR FILING, PLEASE REFER TO THE CORPORATION CONTROL NUMBER GIVEN ABOVE.

FOR: APPLICATION FOR CERTIFICATE OF
AUTHORITY - FOR PROFIT

RECEIVED: \$300.00

ON DATE: 03/02/92

FROM:
VARTEC NATIONAL, INC.
3200 W. PLEASANT RUN
ROAD
LANCASTER, TX 75146-0000

RECEIPT NUMBER: 000013158
ACCOUNT NUMBER: 00152206



Bryant Millsaps

BRYANT MILLSAPS
SECRETARY OF STATE

EXHIBIT D

**VARTEC TELECOM, INC.
Corporate Officers and Directors**

**VARTEC TELECOM, INC.
OFFICERS AND DIRECTORS**

<u>Office</u>	<u>Director</u>	<u>Name</u>	<u>Address</u>
President	2/27/89*	A. Joe Mitchell, Jr.	1600 Viceroy Dallas, TX 75235-2306 (214) 424-1000
Executive Vice President		Walter J. Frank, Jr.	1309 Louisville Avenue Monroe, LA 81201 (601) 354-2620
Vice President	8/20/01*	Ron L. Hughes	1600 Viceroy Dallas, TX 75235-2306 (214) 424-1000
Vice President Assistant Secretary		Michael G. Hoffman	1600 Viceroy Dallas, TX 75235-2306 (214) 424-1000
Vice President	8/20/01*	Connie F. Mitchell	1600 Viceroy Dallas, TX 75235-2306 (214) 424-1000
Secretary	5/21/93*	Joseph D. Fail	27 South 2 nd Street P.O. Box 925 Bay Springs, MS 39422 (601) 764-2195
Treasurer		Gary D. Egger	1600 Viceroy Dallas, TX 75235-2306 (214) 424-1000
Assistant Treasurer		Robert J. Healea	236 E. Capitol St., 6 th Floor Jackson, MS 39201 (601) 354-2620
	8/20/01*	H. Ray Atkinson	1600 Viceroy Dallas, TX 75235-2306 (214) 424-1000

Current officers and directors serve until successors are appointed.

* Date of initial election to Board of Directors

EXHIBIT E

**VARTEC TELECOM, INC.
Consolidated Financial Statements**

FILED UNDER SEAL

EXHIBIT F

VARTEC TELECOM, INC.
Capital Expenditure Budget For 2001 Through 2003

FILED UNDER SEAL

EXHIBIT G

**VARTEC TELECOM, INC.
Projected Financial Statement for 2001 through 2003**

Filed under seal

EXHIBIT H

**VARTEC TELECOM, INC.
Evidence of Surety Bond**



VarTec Telecom, Inc.

September 1, 2000

VIA OVERNIGHT DELIVERY

Mr. David Waddell

Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0306

Re: Telecommunications Provider's Surety Bond

Dear Mr. Waddell:

Enclosed please find the original Tennessee Telecommunications Service Provider's Surety Bond submitted on behalf of VarTec Telecom, Inc. This Bond is being filed pursuant to Title 65, Chapter 4, Section 125 (j) of the Tennessee Code Annotated.

Thank you for your consideration regarding this filing. Please contact the undersigned directly at (214) 424-1513 if you have any questions regarding this correspondence.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Kevin Allen', is written over the typed name.

Kevin Allen
Senior Regulatory Analyst

Enclosures

cc: Becky Gipson
Director, Regulatory Affairs

TENNESSEE REGULATORY AUTHORITY

TENNESSEE TELECOMMUNICATIONS SERVICE PROVIDER'S SURETY BOND

Bond #: K06499090

WHEREAS, VarTec Telecom, Inc. (the "Principal"), has applied to the Tennessee Regulatory Authority for authority to provide telecommunications services in the State of Tennessee; and

WHEREAS, under the provisions of Title 65, Chapter 4, Section 125(j) of the Tennessee Code Annotated, as amended, the Principal is required to file this bond in order to obtain such authority and to secure the payment of any monetary sanction imposed in any enforcement proceeding brought under Title 65 of the Tennessee Code Annotated or the Consumer Telemarketing Act of 1990 by or on behalf of the Tennessee Regulatory Authority (the "TRA"); and

WHEREAS, Westchester Fire Insurance Company (the "Surety"), a corporation licensed to do business in the State of Tennessee and duly authorized by the Tennessee Commissioner of Insurance to engage in the surety business in this state pursuant to Title 56, Chapter 2 of the Tennessee Code Annotated, has agreed to issue this bond in order to permit the Principal to comply with the provisions of Title 65, Chapter 4, Section 125(j) of the Tennessee Code Annotated;

NOW THEREFORE, BE IT KNOWN, that we the Principal and the Surety are held and firmly bound to the STATE OF TENNESSEE, in accordance with the provisions of Tennessee Code Annotated, Title 65, Chapter 4, Section 125(j), in the full amount of twenty thousand dollars (\$20,000.00) lawful money of the United States of America to be used for the full and prompt payment of any monetary sanction imposed against the Principal, its representatives, successors or assigns, in any enforcement proceeding brought under Title 65 of Tennessee Code Annotated or the Consumer Telemarketing Act of 1990, by or on behalf of the TRA, for which obligation we bind ourselves, our representatives, successors and assigns, each jointly and severally, firmly and unequivocally by these presents.

This bond shall become effective on the 1st day of September, 2000, and shall be continuous; provided, however, that each annual renewal period or portion thereof shall constitute a new bond term. Regardless of the number of years this bond may remain in force, the liability of the Surety shall not be cumulative, and the aggregate liability of the Surety for any and all claims, suits or actions under this bond shall not exceed Twenty Thousand Dollars (\$20,000.00). The Surety may cancel this bond by giving thirty (30) days written notice of such cancellation to the TRA and Principal by certified mail, it being understood that the Surety shall not be relieved of liability that may have accrued under this bond prior to the date of cancellation.

PRINCIPAL

VarTec Telecom, Inc.
Name of Company authorized by the TRA
112766
Company ID # as assigned by TRA

SURETY

West Chester Fire Insurance Company
Name of Surety
P.O. Box 740276
Atlanta, GA 30374
Address of Surety

SIGNATURE OF PRINCIPAL

Michael G. Hoffman
Name: Michael G. Hoffman, Esq.
Title: Vice President and
Assistant Secretary

SIGNATURE OF SURETY AGENT

Barbara Thompson
Name: Barbara Thompson
Title: Attorney in Fact

Address of Surety Agent:

Marsh USA Inc.
3475 Piedmont Rd., NE
Atlanta, GA 30305

THIS BOND IS ISSUED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 125, CHAPTER 4, TITLE 65 OF THE TENNESSEE CODE ANNOTATED AS AMENDED BY CHAPTER NO. 586, 2000 PUBLIC ACTS. SHOULD THERE BE ANY CONFLICT WITH THE TERMS HEREOF AND THE STATUTE OR REGULATIONS PROMULGATED THEREUNDER, THE STATUTE OR REGULATIONS SHALL PREVAIL. (POWER OF ATTORNEY FROM AN APPROVED INSURANCE COMPANY MUST BE ATTACHED.)

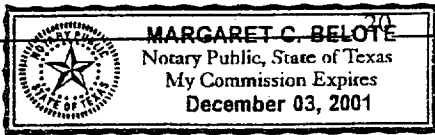
ACKNOWLEDGMENT OF PRINCIPAL

STATE OF ~~TENNESSEE~~ TEXAS
COUNTY OF DALLAS

Before me, a Notary Public of the State and County aforesaid, personally appeared MICHAEL G. HOFFMAN, ESQ. with whom I am personally acquainted and who, upon oath, acknowledged himself to be the individual who executed the foregoing bond on behalf of VARTEC TELECOM, INC., and he acknowledged to me that he executed the same.

WITNESS my hand and seal this 31st day of AUGUST, 2000.

My Commission Expires:



Margaret C. Belote
Notary Public

ACKNOWLEDGMENT OF SURETY

STATE OF ~~TENNESSEE~~ Georgia
COUNTY OF DeKalb

Before me, a Notary Public of the State and County aforesaid, personally appeared Barbara Thompson with whom I am personally acquainted and who, upon oath, acknowledged himself to be the individual who executed the foregoing bond on behalf of *, the within named Surety, a corporation licensed to do business in the State of Tennessee and duly authorized by the Tennessee Commissioner of Insurance to engage in the surety business in this state pursuant to Title 56, Chapter 2 of the Tennessee Code Annotated, and that he as such an individual being authorized to do so, executed the foregoing bond, by signing the name of the corporation by himself and as such individual.

* Westchester Fire Insurance Company
WITNESS my hand and seal this 24th day of August, 2000.

My Commission Expires:
VIRGINIA B. MCMANUS
Notary Public, DeKalb County, Georgia
My commission expires July 15, 2000

Virginia B. McManus
Notary Public

APPROVAL AND INDORSEMENT

This is to certify that I have examined the foregoing bond and found the same to be sufficient and in conformity to law, that the sureties on the same are good and worth the penalty thereof, and that the same has been filed with the Tennessee Regulatory Authority, State of Tennessee, this _____ day of _____, 20____.

Name:

Title:

Power of Attorney

WESTCHESTER FIRE INSURANCE COMPANY

912384



Know all men by these presents: That WESTCHESTER FIRE INSURANCE COMPANY, a corporation of the State of New York, having its principal office in the City of Atlanta, Georgia, pursuant to the following Resolution, adopted by the Board of Directors of the said Company on November 8, 1999, to wit:

"RESOLVED, that the following Rules shall govern the execution for the Company of bonds, undertakings, recognizances, contracts and other writings in the nature thereof:

- (1) That the President, any Senior Vice President, any Vice President, and Assistant Vice President, or any Attorney-in-Fact, may execute for and on behalf of the Company any and all bonds, undertakings, recognizances, contracts and other writings in the nature thereof, the same to be attested when necessary by the Corporate Secretary, or any Assistant Corporate Secretary, and the seal of the Company affixed thereto; and that the President, any Senior Vice President, any Vice President or any Assistant Vice President may appoint and authorize any other Officer (elected or appointed) of the Company, and Attorneys-In-Fact to so execute or attest to the execution of all such writings on behalf of the Company and to affix the seal of the Company thereto.
- (2) Any such writing executed in accordance with these Rules shall be as binding upon the Company in any case as though signed by the President and attested to by the Corporate Secretary.
- (3) The signature of the President, or a Senior Vice President, or a Vice President, or an Assistant Vice President and the seal of the Company may be affixed by facsimile on any power of attorney granted pursuant to this Resolution, and the signature of a certifying Officer and the seal of the Company may be affixed by facsimile to any certificate of any such power, and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company.
- (4) Such other Officers of the Company, and Attorneys-In-Fact shall have authority to certify or verify copies of this Resolution, the By-Laws of the Company, and any affidavit or record of the Company necessary to the discharge of their duties.
- (5) The passage of this Resolution does not revoke any earlier authority granted by Resolutions of the Board of Directors.

Does hereby nominate, constitute and appoint JUDY GAY CERA, JUDY S. FLEMING, SANDRA S. CARTER, SANDRA J. MATHIS, EDWARD L. MITCHELL, BARBARA THOMPSON, VIRGINIA B. MCMANUS, GARY EKLUND, BARBARA MACARTHUR and NANCY NIX all of the City of Atlanta, State of Georgia, each individually if there be more than one named, its true and lawful attorney-in-fact, to make, execute, seal and deliver on its behalf, and as its act and deed any and all bonds, undertakings, recognizances, contracts and other writings in the nature thereof in penalties not exceeding One Million Dollars (\$1,000,000) and the execution of such writings in pursuance of these presents shall be as binding upon said Company, as fully and amply as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its principal office.

IN WITNESS WHEREOF, the said William Jungreis, Vice President, has hereunto subscribed his name and affixed the corporate seal of the said WESTCHESTER FIRE INSURANCE COMPANY this 11th day of July, 2000.

WESTCHESTER FIRE INSURANCE COMPANY



William Jungreis
William Jungreis, Vice President

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF PHILADELPHIA

On this 11th day of July, A.D. 2000, before me, a Notary Public of the Commonwealth of Pennsylvania in and for the County of Philadelphia came William Jungreis, Vice President of the WESTCHESTER FIRE INSURANCE COMPANY to me personally known to be the individual and officer who executed the preceding instrument, and he acknowledged that he executed the same, and that the seal affixed to the preceding instrument is the corporate seal of said Company, that the said corporate seal and his signature were duly affixed by the authority and direction of the said corporation, and that Resolution, adopted by the Board of Directors of said Company, referred to in the preceding instrument, is now in force.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Philadelphia the day and year first above written.



NOTARIAL SEAL
Kathleen Firri, Notary Public
Philadelphia City, Philadelphia County
My commission expires Sep. 22, 2003

Kathleen Firri
Kathleen Firri, Notary Public

I, the undersigned Secretary of WESTCHESTER FIRE INSURANCE COMPANY, do hereby certify that the original POWER OF ATTORNEY, of which the foregoing is a substantially true and correct copy, is in full force and effect.

In witness whereof, I have hereunto subscribed my name as Secretary, and affixed the corporate seal of the Corporation, this 24th day of

August 2000



Debra H. Paziora
Debra H. Paziora, Secretary

THIS POWER OF ATTORNEY MAY NOT BE USED TO EXECUTE ANY BOND WITH AN INCEPTION DATE AFTER July 11, 2002.

NOT VALID UNLESS PRINTED ON PURPLE BACKGROUND

EXHIBIT I

VARTEC TELECOM, INC. Summary of Managerial Qualifications

Summary of Managerial Qualifications

VarTec has sufficient managerial resources to provide the proposed services to consumers. Please find the following summaries of the background and experience of VarTec's executive officers:

A. Joe Mitchell, Jr.

President

Mr. Mitchell is a principal shareholder and the founder of VarTec. Mr. Mitchell has been an innovator in the long distance telephone business for many years. He received a Bachelor of Science Degree in Engineering and has performed post graduate work in Mechanical Engineering at Oklahoma State University. Mr. Mitchell was one of the original founders and initial President of ClayDesta Communications. He managed ClayDesta Communications from concept through start-up and successful operation. ClayDesta grew to annualized revenues in excess of \$50 million during Mr. Mitchell's three-year tenure. After leaving ClayDesta Communications, Mr. Mitchell formed the wholesale division at Teleconnect, later known as Telecom*USA. Prior to its acquisition by MCI, Telecom*USA was the fourth largest long distance company in the U.S. While at Teleconnect, Mr. Mitchell's wholesale division grew from start-up to \$60 million in annual revenues in only eighteen months. Mr. Mitchell's management experience and business relationships with high-volume customers across the nation are a critical asset for VarTec.

Ron L. Hughes

Chief Operating Officer

Mr. Hughes is a minority shareholder in VarTec. Mr. Hughes has a Bachelor of Science Degree in Biochemistry with a Math minor from Abilene Christian University where he graduated cum laude. He has approximately 20 years of experience in the telecommunications industry. During his seven years of employment with Southwestern Bell Telephone Company, Mr. Hughes held positions as Communications Consultant, Account Executive, Customer Services Supervisor, Certified Industry Consultant and Product Delivery Marketing Manager. Upon leaving Southwestern Bell, Mr. Hughes became one of the original founders of ClayDesta Communications where he reported directly to Mr. Mitchell. While at ClayDesta, Mr. Hughes held the title of Senior Vice President - Sales/Marketing and was responsible for the entire sales effort of one hundred outside sales and one hundred fifty telemarketing personnel as well as directing the marketing and advertising effort. At VarTec, Mr. Hughes oversees the Company's Customer Service, Billing, Information Technology, Product Development, Network, Sales and Marketing Departments.

Summary of Managerial Qualifications (Continued)

Gary D. Egger

Treasurer

Executive Vice President

Mr. Egger is a minority shareholder in VarTec. He received Bachelor of Business Administration degrees in Accounting and Finance from the University of Iowa. His finance and accounting experience spans more than 15 years. He served three years with the big six accounting firm Ernst and Young and held various financial positions with the prestigious William Morris Agency as well as Litton Industries. Prior to coming to VarTec, Mr. Egger served eight years with Telecom*USA as Vice President of Finance and Chief Financial Officer of the Teleconnect division. At VarTec, Mr. Egger is responsible for overseeing the Company's Finance and Accounting Departments.

Michael G. Hoffman, Esq.

Chief Legal Officer

General Counsel and

Executive Vice President

Legal and Regulatory Affairs

Mr. Hoffman received a Bachelor of Arts Degrees in History and Latin American Studies with a Political Science minor from Dickinson College in Carlisle, Pennsylvania, where he graduated magna cum laude and Phi Beta Kappa. Mr. Hoffman then obtained a Juris Doctor Degree from the Washington College of Law at the American University in Washington, D.C. At law school, Mr. Hoffman was awarded highest honors in complex litigation and wrote on the American University Journal of International Law and Policy. Mr. Hoffman's regulatory and legal experience is significant. Mr. Hoffman clerked for the Mergers and Acquisitions Unit of the Federal Deposit Insurance Corporation's Legal Division, negotiating and drafting agreements for open bank assistance. Prior to joining VarTec, he worked as an associate in the Washington, D.C. office of Arter & Hadden, a 350-attorney national law firm based in Cleveland, Ohio. In addition to Mr. Hoffman's representation of VarTec at the Firm, he provided legal and regulatory counsel to numerous interexchange telecommunications carriers and business corporations. Further, Mr. Hoffman represented clients before various state and federal administrative agencies and regulatory bodies. While at the law firm, he also participated in a wide array of litigation matters involving employment law, fraud, insurance defense and workers' compensation, as well as copyright and trademark protection. Mr. Hoffman joined VarTec in May 1992 as its Corporate Counsel and Director of Regulatory Affairs. In this capacity, Mr. Hoffman has overseen VarTec's application for business licenses and certificates of good in numerous jurisdictions. Additionally, he is responsible for VarTec's on-going compliance requirements, governmental affairs and inquiries, as well as the regulatory duties imposed on the Company by the Federal Communications Commission and various state utility commissions in the jurisdictions in which the Company currently operates. Mr. Hoffman was promoted to the position of Vice President in May 1993, Senior Vice President in November 1994, Executive Vice President in November 1997 and Chief Legal Officer in June 2001.

EXHIBIT J

**VARTEC TELECOM, INC.
Small and Minority-Owned Telecommunications
Business Participation Plan**

TENNESSEE
SMALL AND MINORITY-OWNED
TELECOMMUNICATIONS
BUSINESS PARTICIPATION PLAN

SUBMITTED TO THE
TENNESSEE REGULATORY AUTHORITY

BY
VARTEC TELECOM, INC.
COMPANY ID: 00112766

SMALL AND MINORITY-OWNED
TELECOMMUNICATIONS
BUSINESS PARTICIPATION PLAN

TABLE OF CONTENTS

1.0	DEFINITIONS
2.0	PURPOSE
3.0	PLAN PERIOD
4.0	PLAN ADMINISTRATOR
5.0	PLAN ADMINISTRATION
6.0	PLAN REPORTING
7.0	PLAN AMENDING

1.0 DEFINITIONS

- 1.1 VarTec Telecom, Inc. was chartered as a Texas corporation specializing in the provision of long distance telecommunications services. For the purpose of this Plan, the term "Company" refers to VarTec Telecom, Inc.
- 1.2 Small Business - For the purpose of this Plan, "small business" means a business with annual gross receipts of less than four million dollars (\$4,000,000).
- 1.3 Minority Business - For the purpose of this Plan, "minority business" means a business that is solely owned, or at least fifty-one (51%) of the assets or outstanding stock of which is owned by an individual who personally manages and controls the daily operations of such business, and who is impeded from normal entry into the economic mainstream because of race, religion, sex, or national origin and such business has annual gross receipts of less than four million dollars (\$4,000,000).

2.0 PURPOSE

- 2.1 The Small and Minority-Owned Telecommunications Business Participation Plan (Plan) is submitted by the Company as required by the Tennessee Regulatory Authority. The administration of this Plan is the responsibility of the Company.
- 2.2 The Company contracts with many different vendors, including those that may be small and minority-owned. Acceptable vendors are identified based on cost and quality of goods and services. An up to date index is maintained by the Company for the purposes of contacting these vendors, including those that may be small and minority-owned. The Company may consider proposals by qualified businesses for a variety of goods and services, depending on the Company's needs at a particular time. The Company encourages qualified businesses, especially Small and Minority Owned Businesses, to submit proposals for the sale of goods and services to its principal address.
- 2.3 Through this Plan, the Company may solicit and attempt to increase its contracts with Small and Minority-Owned Telecommunications Businesses.
- 2.4 The Company's purpose is to afford all vendors, including Small and Minority-Owned Telecommunications Businesses, the maximum practicable opportunity to participate in the performance of contracts.

3.0 PLAN PERIOD

- 3.1 It is the Company's intent to provide access to contract opportunities on a nondiscriminatory basis to all businesses, including Small and Minority-Owned Telecommunications Businesses. The Company aims to maintain a continuous approach toward inclusion of such firms in its supplier base. Consequently, this Plan does not have fixed time parameters.

4.0 PLAN ADMINISTRATOR

- 4.1 The Company's Plan Administrator is:

Kevin Allen
Manager, Regulatory Affairs

Address: VarTec Telecom, Inc.
1600 Viceroy Drive
Dallas, Texas 75235

Telephone: (214) 424-1513

Facsimile: (214) 424-1510

Electronic Mail: kcallen@vartec.net

- 4.2 The Administrator manages the Plan to ensure compliance with the provisions of the Plan. As the need arises, the administrator may perform the following:
- (a) review the Company's procedures to ensure Small and Minority-Owned Telecommunications Businesses have an equitable opportunity to be awarded contracts;
 - (b) review solicitations to remove any statements which may tend to restrict, inhibit, or diminish the equitable opportunity for Small and Minority-Owned Telecommunications Businesses to compete for contracts;
 - (c) ensure any procurement packages are structured in a fair manner to enlist the goods and services of all businesses, including those that are small and minority-owned
 - (d) maintain Small and Minority-Owned Telecommunications Businesses related correspondence and record keeping;
 - (e) coordinate activities during the conduct of any compliance review by Tennessee state agencies;
 - (f) review the Companies annual performance on Small and Minority-Owned Telecommunications Businesses contracting.

5.0 PLAN ADMINISTRATION

- 5.1 The Plan is designed to aid Small and Minority-Owned Telecommunications Businesses new to the industry and/or those still attempting to establish themselves in the market place. As the need arises, the Company may support these organizations in the following manner:
- (a) assist Small and Minority-Owned Telecommunications Businesses by allowing sufficient time for preparation of proposals, quantities, specifications, and delivery schedules so as to facilitate their participation in contracts;
 - (b) provide information to representatives of Small and Minority-Owned Telecommunications Businesses regarding contract opportunities;
 - (c) provide information to representatives of Small and Minority-Owned Telecommunications Businesses regarding advice on types of business typically being contracted, procurement requirements, and quality expectations.

6.0 PLAN REPORTING

- 6.1 It is the intention of the Company to submit periodic reports and cooperate in those studies or surveys as may be required to determine the extent of compliance with this Plan.
- 6.2 It is the intention of the Company to maintain, if required, any correspondence between Small and Minority-Owned Telecommunications Businesses with regards to any contract relationships.

7.0 PLAN AMENDING

- 7.1 The provisions and sections of this Plan may be deemed separable, and the invalidity of any portion of this Plan shall not affect the validity of the remainder.
- 7.2 This Plan, or any provision thereof, may be amended or rescinded at any time.

EXHIBIT K

**VARTEC TELECOM, INC.
Toll Dialing Parity Plan**

VARTEC TELECOM, INC.
TOLL DIALING PARITY PLAN

Pursuant to the Section 251(b) of the Telecommunications Act of 1996, VarTec Telecom, Inc. (“VarTec”) provides the following plan for the implementation of toll dialing parity upon approval by the Tennessee Regulatory Authority (“TRA”) of the Company’s Application for a Certificate to Provide Competing Local Telecommunications Services in the state of Tennessee. This plan sets forth VarTec’s proposal for providing intraLATA and interLATA toll dialing parity within the state of Tennessee for customers subscribing to VarTec’s local exchange service. VarTec intends to implement this plan throughout its approved service area in the state of Tennessee.

METHODOLOGY

VarTec will allow customers the opportunity to designate a presubscribed carrier for intraLATA and interLATA toll traffic whereby toll calls will automatically be directed to the designated carrier without additional action on the part of the customer (e.g., access code dialing). In addition, customers will be able to utilize toll carriers on a call-by-call basis by dialing access codes.

VarTec does not intend to own facilities in the state of Tennessee to provide local exchange telecommunications services. Rather, VarTec intends to provide local exchange service using either unbundled local switching or local service resale. As such, intraLATA toll dialing parity will be available in exchanges wherein multiple Primary Interexchange Carrier (“PIC”) technology is implemented by the underlying service provider. VarTec will utilize multiple-PIC technology to allow customers to presubscribe to the same or different carriers for interLATA and intraLATA toll services.

SUBSCRIBER PRACTICES

Based on VarTec’s current business plan for its local exchange service offerings, the Company anticipates that the vast majority of VarTec’s local exchange customers will have also selected VarTec as the primary interexchange carrier for interLATA and intraLATA toll services. Customers who wish to select an interexchange service provider other than VarTec should contact VarTec’s Customer Care Center to request said change. VarTec’s Customer Care representatives will process customer-initiated

PIC selections as designated by the customer for any participating carrier that has . If requested by the customer, VarTec will provide a list of participating carriers in a non-discriminatory and fair manner from which the customer may select an interexchange service provider(s).

Customers who do not choose a PIC for intraLATA and/or interLATA will be identified within VarTec's records as "NO PIC" and will not be defaulted to a carrier. These customers will be required to dial an access code in order to place any interexchange telephone calls.

PIC CHANGE CHARGE

VarTec may charge a PIC Change Charge to any customer who makes a change to his or her intraLATA or interLATA interexchange service provider. The PIC Change Charge will be billed to customers pursuant to the Company's tariffs on file with the Commission.

CARRIER PRACTICES

Interexchange carriers that desire to become an access customer shall notify VarTec in writing of their desire to obtain exchange access service information. VarTec will send each requesting carrier an information package describing the Company's service, processes and applicable tariffs. VarTec will process a carrier's Access Service Request and that carrier will be included as a participating carrier for customers selecting a PIC.

MISCELLANEOUS

VarTec will be subject to rules relating to slamming as indicated in TRA Rule 1220-4-2.56, Sections 2-19, and 1220-4-2.58, Sections 1-16. VarTec will provide nondiscriminatory access for its customers, including resellers, to telephone numbers, operator services, directory assistance and directory listings, when applicable. VarTec will comply with all rules of the TRA and the Federal Communication Commission in implementing this Plan.

EXHIBIT L

**VARTEC TELECOM, INC.
Notice of Application**

NOTICE OF FILING

VarTec Telecom, Inc. has filed an Application with the Tennessee Regulatory Authority for a Certificate to Provide Facilities-Based and Resold Local Exchange Service Within Tennessee. Copies of the Application can be obtained from the Tennessee Regulatory Authority. Applicant has requested authority to provide facilities-based and resold local exchange telecommunications services within and throughout the entire state of Tennessee, although services will initially be offered only in areas wherein BellSouth is the incumbent local exchange carrier. Applicant does not propose to offer service in those areas not yet open to competition.

The undersigned hereby certifies that a copy of this notice has been served on the following persons via U.S. mail this 30th day of August, 2001.

Ardmore Telephone Company, Inc.
P.O. Box 549
517 Ardmore Avenue
Ardmore, Tennessee 38449

Bellsouth Telecommunications, Inc.
333 Commerce Street
Nashville, Tennessee 37201-3300

Century Telephone of Adamsville
P.O. Box 405
116 N. Oak Street
Adamsville, Tennessee 38310

Century Telephone of Claiborne
P.O. Box 100
507 Main Street
New Tazewell, Tennessee 37825

Century Telephone of Ooltewah-Collegedale, Inc.
P.O. Box 782
5616 Main Street
Ooltewah, Tennessee 37363

Citizens Communications Company of Tennessee
P.O. Box 770
300 Bland Street
Bluefield, Wv 24701

Citizens Communications Company
of the Volunteer State
P.O. Box 770
300 Bland Street
Bluefield, West Virginia 24701

Loretto Telephone Company, Inc.
P.O. Box 130
Loretto, Tennessee 38469

Millington Telephone Company, Inc.
P.O. Box 429
4880 Navy Road
Millington, Tennessee 38083-0429

Sprint-United
112 Sixth Street
Bristol, Tennessee 37620

TDS Telecom-Concord Telephone Exchange, Inc.
P.O. Box 22610
701 Concord Road
Knoxville, Tennessee 37933-0610

TDS Telecom-Humphreys
County Telephone Company
P.O. Box 552
203 Long Street
New Johnsonville, Tennessee 37134-0552

TDS Telecom-Tellico Telephone Company, Inc.
P.O. Box 9
102 Spence Street
Tellico Plains, Tennessee 37385-0009

TDS Telecom-Tennessee Telephone Company
P.O. Box 18139
Knoxville, Tennessee 37928-2139

TEC-Crockett Telephone Company, Inc.
P.O. Box 7
Friendship, Tennessee 38034

TEC-People's Telephone Company, Inc.
P.O. Box 310
Erin, Tennessee 37061

TEC-West Tennessee Telephone Company, Inc.
P.O. Box 10
244 E. Main Street
Bradford, Tennessee 38316

United Telephone Company
P.O. Box 38
120 Taylor Street
Chapel Hill, Tennessee 37034



Kevin Allen
Manager, Regulatory Affairs
VarTec Telecom, Inc.
1600 Viceroy Drive
Dallas, Texas 75235
(214) 424-1513

EXHIBIT M

**VARTEC TELECOM, INC.
Numbering Resource Responses**

Numbering Resource Responses

1. What is your company's expected demand for NXXs per NPA within a year of approval of your application?

None. As a provider of local exchange services utilizing the unbundled network elements platform ("UNE-P"), Applicant has no demand for allocation of NXXs in any NPA.

2. How many NXXs do you estimate that you will request from NANPA when you establish your service footprint?

None. As documented above, VarTec will not initially require allocation of numbering resources.

3. When and in what NPA do you expect to establish your service footprint?

Applicant initially intends to offer service in the exchanges serviced by BellSouth.

4. Will the company sequentially assign telephone numbers within NXXs?

For the reasons stated above, this section is not applicable to the Applicant.

5. What measures does the company intend to take to conserve Tennessee numbering resources?

The conservation methods of the underlying service providers will reflect in Applicant's shared use of numbering resources.

6. When ordering new NXXs for growth, what percentage fill of an existing NXX does the company use to determine when a request for a new NXX will be initiated?

For the reasons stated above, this section is not applicable to the Applicant.

EXHIBIT N

**VARTEC TELECOM, INC.
Tennessee-Specific Operational Issues**

Tennessee-Specific Operational Issues

1. How does the company intend to comply with TCA §65-21-114? In its description, please explain technically how the company will not bill for countywide calls within Tennessee.

Applicant intends to resell network elements of the Incumbent Local Exchange Carriers (“ILECs”), specifically BellSouth, to provide services to its customers. As such, VarTec will mirror the calling areas established by the ILECs.

2. Is the company aware of the Tennessee County Wide Calling database maintained by BellSouth and the procedures to enter your telephone numbers on the database?

Yes. Applicant is aware of the Tennessee County Wide Calling database maintained by BellSouth and the procedures to enter telephone numbers on the database.

3. Is your company aware of the local calling areas provided by the Incumbent Local Exchange Carriers in your proposed service areas?

Yes. Applicant is aware of the local calling areas provided by the Incumbent Local Exchange Carriers in the Company’s proposed service areas.

4. Explain the procedures that will be implemented to assure that your customers will not be billed long distance charges for calls within the metro calling areas.

As previously documented, Applicant intends to resell network elements of the ILECs and will mirror the calling areas established by the ILECs. Customers who subscribe to metro calling plans will benefit from the same local calling areas as those customers of the ILECs.

5. Please provide the name and telephone number of an employee of your company that will be responsible to work with the TRA on resolving customer complaints.

Amy Campbell
Regulatory Specialist
(214) 424-6609
(800) 583-8832
(214) 424-1510 (facsimile)

6. Does the company intend to telemarket its services in Tennessee? If yes, is the company aware of the telemarketing statutes and regulations found in TCA §65-4-401 *et seq.* And Chapter 1220-4-11?

Yes. Applicant intends to telemarket its services in Tennessee. Applicant is aware of the telemarketing statutes and regulations found in TCA §65-4-401 *et seq.* and Chapter 1220-4-11, including the “Do Not Call” register.

EXHIBIT O

VARTEC TELECOM, INC.

Pre-filed Testimony of Patricia Zacharie, Esq.

BEFORE THE TENNESSEE REGULATORY AUTHORITY

**IN THE MATTER OF THE APPLICATION
OF VARTEC TELECOM, INC. FOR A
CERTIFICATE TO PROVIDE COMPETING
LOCAL TELECOMMUNICATIONS SERVICES**

PRE-FILED TESTIMONY OF PATRICIA ZACHARIE, ESQ.

I, Patricia Zacharie, Esq., do hereby testify as follows in support of the application of VarTec Telecom, Inc. ("VarTec") for a Certificate of Convenience and necessity as a competing telecommunications services provider to provide telecommunication services throughout the state of Tennessee.

1 Q: Please state your full name, business address, and position.

2 A: Myname is Patricia Zacharie, Esq. I am Regulatory Counsel for applicant VarTec Telecom, Inc. My
3 business address is 1600 Viceroy Drive, Dallas, Texas 75235.

4 Q: What are your responsibilities with VarTec?

5 A: My responsibilities include providing legal and regulatory advice and representation for VarTec's
6 current operations as a competitive local exchange provider as well as an interexchange carrier of
7 telecommunications services.

8 Q: Please provide a brief description of your professional experience and your experience in the
9 telecommunications industry.

10 A: Prior to joining VarTec, I worked as a staff attorney in the Legal Division of the Texas Public Utility
11 Commission (Texas Commission) where I routinely made recommendations to the Texas Commission
12 regarding telecommunications carriers' applications to provide local exchange service in Texas. In addition,
13 I handled complaint proceedings and rulemakings and served as an arbitrator on various interconnection
14 disputes filed with the Texas Commission. Before my work with the Texas Commission, I was an assistant
15 attorney general with the Texas Attorney General's office, where I represented financial regulatory
16 agencies of the State of Texas in state and federal court.

17 Q: Are all statements in VarTec's Application true and correct to the best of your knowledge, information
18 and belief?

19 A: Yes. All statements in VarTec's Application true and correct to the best of my knowledge, information
20 and belief.

1 Q: Please describe the current corporate structure of VarTec Telecom, Inc.

2 A: VarTec Telecom, Inc. is a privately held corporation based in Dallas, Texas. CommuniGroup, Inc., a
3 wholly-owned subsidiary of Telephone Electronics Corporation, retains 80% ownership in VarTec.
4 However, neither Telephone Electronics Corporation nor CommuniGroup, Inc. is involved in the daily
5 operations of VarTec.

6 Q: Does VarTec Telecom, Inc. possess the requisite managerial, financial, and technical abilities to provide
7 the services for which it has applied for authority?

8 A: Yes. VarTec Telecom, Inc. possesses the requisite managerial, financial, and technical abilities to
9 provide the services for which it has applied for authority.

10 Q: Please describe VarTec Telecom, Inc.'s financial qualifications.

11 A: VarTec has ample financial resources to provide the services which are the subject of this Application.
12 VarTec's financial qualifications are demonstrated in the financial statements which have been filed in
13 Exhibit F of the Company's Application. VarTec has the financial capability to continue providing high
14 quality telecommunications services to consumers in Tennessee, promoting the public interest and advancing
15 competition and consumer choice in the state.

16 Q: Please describe VarTec Telecom, Inc.'s managerial and technical qualifications.

17 A: VarTec possesses sufficient technical and managerial ability to be able to provide local exchange
18 telecommunications services to the benefit of the general public. Applicant has been certified to provide
19 interexchange telecommunications services in Tennessee since 1995 and has been providing interexchange
20 telecommunications services subject to the jurisdiction of the Federal Communications Commission since
21 1989. In addition, Applicant currently provides local exchange telecommunications services in the state of
22 Texas.

23 As demonstrated in VarTec's Application, the Company's executive officers possess extensive
24 management and business experience in telecommunications. Furthermore, VarTec's technical personnel
25 have completed many hours of comprehensive training in courses provided by equipment manufacturers
26 and leading industry schools. All technical personnel are trained and cross-trained on all network systems,
27 subsystems and test equipment utilized by the Company.

28 Q: What services will VarTec Telecom, Inc. offer?

29 A: VarTec initially intends to provide local exchange service primarily to residential customers. Services
30 Applicant proposes to provide include, but are not limited to, dial tone, call management services, digital
31 subscriber line and other high capacity services. In addition, Applicant will continue to offer interexchange
32 telecommunications services to business and residential customers in the state of Tennessee. VarTec
33 proposes to offer "bundled" telecommunications service packages which include local exchange service,
34 long distance and call management services, such as call waiting and caller identification. By combining
35 local exchange service with other telecommunications and non-telecommunications services, VarTec
36 intends to offer more beneficial and competitive services to increase competition within the state.

1 Q: Will VarTec Telecom, Inc. offer service to all consumers within its service area?

2
3 A: VarTec Telecom, Inc. will offer service to all consumers within its service area that demonstrate
4 satisfactory credit as determined by the Company and who otherwise comply with the Company's terms
5 and conditions of service.

6 Q: Does VarTec Telecom, Inc. plan to offer local exchange telecommunications services in areas served
7 by any incumbent local exchange telephone company with fewer than 100,000 total access lines?

8 A: VarTec does not intend to offer local exchange services in any areas not yet open to competition.

9 Q: Will the granting of a certificate of convenience and necessity to VarTec Telecom, Inc. serve the public
10 interest?

11 A: Yes. Grant of the Application will further the goals of the Tennessee Legislature and further the public
12 interest by expanding the availability of competitive telecommunications services in the state of Tennessee.
13 In addition, VarTec intends to market its services primarily to residential customers in the state of
14 Tennessee. As such, grant of this Application will provide Tennessee residential customers increased cost
15 savings and choice within the local telephone market.

16 Q: Does VarTec Telecom, Inc. intend to comply with all TRA rules, statutes, and orders pertaining to the
17 provision of telecommunications services in Tennessee, including those for disconnection and reconnection
18 of service?

19 A: Yes. VarTec Telecom, Inc. intends to comply with all federal and state rules relating to the provision
20 of telecommunications services.

21 Q: Has any state ever denied VarTec Telecom, Inc. or one of its affiliates authorization to provide intrastate
22 service?

23 A: Yes. VarTec was initially denied a Service Provider Certificate of Operating Authority by the Public
24 Utility Commission of Texas on November 3, 1998 due to insufficient technical ability (primarily, complaint
25 history of an affiliated company, U.S. Republic Communications, Inc.). This application was filed in Docket
26 No. 19745. However, after providing clarifying information to the Public Utility Commission of Texas,
27 VarTec was granted a Service Provider Certificate of Operating Authority by the Public Utility Commission
28 of Texas on June 22, 1999 in Docket No. 20680. In addition, the Public Utility Commission of Texas
29 approved an amendment to the Company's certificate on January 5, 2001 that granted VarTec the
30 authority to provide facilities-based local exchange telecommunications services in the State of Texas
31 (Docket No. 23298).

32
33 Q: Has any state ever revoked the certification of VarTec Telecom, Inc. or one of its affiliates?

34 A: No. No state has revoked the certification to provide telecommunications services of VarTec Telecom,
35 Inc. or any of its affiliates.

1 Q: In the past five years, has applicant been investigated or sanctioned by any regulatory authority for
2 service or billing irregularities?

3 A: No. Applicant has not been investigated or sanctioned by any regulatory authority for service or billing
4 irregularities in the past five years.

5 Q: Who is knowledgeable about VarTec Telecom, Inc.'s operations and will serve as VarTec Telecom,
6 Inc.'s regulatory and customer service contact?

7 A: Kevin Allen, Manager, Regulatory Affairs is knowledgeable about VarTec's operations and will service
8 as the Company's regulatory and customer service contact for the TRA.

9 Q: Please explain in detail VarTec Telecom, Inc.'s proposed procedures for responding to information
10 requests from the TRA and its staff.

11 A: VarTec Telecom, Inc. strives to respond to information requests from the TRA and its staff in a timely
12 manner. Kevin Allen, Manager, Regulatory Affairs is generally responsible for any data requests, complaint
13 responses, or other inquiries from the TRA and its staff. When the information requested is not of a
14 regulatory nature, the information will be obtained from the appropriate department, compiled by the
15 Regulatory Department and submitted to the TRA as one document. All responses are reviewed to ensure
16 accuracy and responses will be made in a timely manner.

17 Q: Does this conclude your testimony?

18 A: Yes. This concludes my testimony.

19 I swear that the foregoing testimony is true and correct to the best of my knowledge.



Patricia Zacharie, Esq.
Regulatory Counsel

Sworn to and subscribed to before me this 30th day of AUGUST, 2001.


Notary Public

My Commission Expires: 2/16/03

